

APPENDIX A



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

EXECUTIVE ORDER
No. 2003 - 7

DETROIT MEDICAL CENTER FISCAL STABILITY TASK FORCE
HOSPITAL ADVISORY COUNCIL

WHEREAS, Article V, Section 1 of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the Governor;

WHEREAS, Section 1 of 1931 PA 195, MCL 10.51, authorizes and empowers the Governor, at such times and for such purposes as the Governor deems necessary or advisable, to create special advisory bodies consisting of as many members as the Governor deems appropriate;

WHEREAS, the health and welfare of Michigan's citizens are of paramount importance and assistance from the State of Michigan in meeting the health care needs of Michigan residents is essential;

WHEREAS, Michigan hospitals play an integral role in maintaining the health of individuals served within our complex and comprehensive health care system;

WHEREAS, the Detroit Medical Center ("DMC") provides vital medical services to Michigan residents, and its Detroit Receiving Hospital is distinguished as the only level-one emergency trauma center in Wayne County and has been certified by the American College of Surgeons with the capability to handle victims of major bioterrorism incidents and serious burn victims;

WHEREAS, the fiscal crisis at the DMC threatens the delivery of vital medical services to Michigan residents;

NOW, THEREFORE, I, Jennifer M. Granholm, Governor of the State of Michigan, pursuant of the powers vested in me by the Michigan Constitution of 1963 and Michigan law, order the following:

I. DETROIT MEDICAL CENTER FISCAL STABILITY TASK FORCE

A. The Detroit Medical Center Fiscal Stability Task Force ("Task Force") is created as an advisory body to the Governor within the Executive Office of the Governor.

B. The Task Force shall be composed of 9 members appointed by the Governor in the following manner:

1. Three members appointed by the Governor.
2. Three members appointed by the Governor based upon recommendation by the County Executive for the County of Wayne.
3. Three members appointed by the Governor based upon recommendations from the Mayor of the City of Detroit.

C. The Director of the Department of Community Health and the State Treasurer or their designees shall serve as *ex-officio*, non-voting members of the Task Force.

D. The Governor shall serve as Chairperson of the Task Force and may designate one member of the Task Force to serve as Vice-Chairperson, who shall serve at the pleasure of the Governor.

II. CHARGE TO THE TASK FORCE

A. The Task Force shall act in an advisory capacity to the Governor to assist the State of Michigan in assuring continued access to critical hospital services. The Task Force shall assess fiscal operations, governing structures, and ethical compliance with the goal of establishing transparency, accountability and stability.

B. The Task Force shall advise the Governor on recent and on-going financial difficulties and governance matters of the DMC, its subsidiaries and affiliates, focusing on the following topics that have been identified as areas of concern:

1. Fiscal issues;
2. Operational and oversight issues; and
3. Ethical and legal concerns.

C. The Task Force shall also provide other information or advice regarding the delivery of health care services by the DMC and its subsidiaries and affiliates and may obtain input from the DMC, as requested by the Governor.

D. In addition, the Task Force shall issue reports that address these concerns and provide recommendations at times designated by the Governor.

E. The Task Force shall complete its work not later than December 31, 2003 or by an earlier date, as determined by the Governor.

III. OPERATIONS OF THE TASK FORCE

A. The Task Force shall be staffed by personnel from and assisted by the Department of Community Health, Department of Treasury, the Department of

Management and Budget, and the Executive Office of the Governor, as directed by the Governor.

B. The Task Force may adopt procedures, not inconsistent with Michigan law and this Order, governing its organization and operations and may establish committees and request public participation on advisory panels as it deems necessary. The Task Force may also adopt, reject, or modify any recommendations proposed by committees or advisory panels.

C. The Task Force shall meet at the call of the Governor or the Vice-Chairperson, and as may be provided in procedures adopted by the Task Force.

D. Except as otherwise provided in this subdivision the Task Force shall make recommendations to the Governor. Recommendations by the Task Force shall require the affirmative vote by at least one member appointed under Section I.B.1, one member appointed under Section I.B.2, and one member appointed under Section I.B.3.

E. In developing recommendations, the Task Force may, as appropriate, make inquiries, studies, investigations, hold hearings, and receive comments from the public. The Task Force may also consult with outside experts in order to perform its duties, including but not limited to experts in the private sector, organized labor, government agencies, and at institutions of higher education.

F. Members of the Task Force shall serve without compensation and may receive reimbursement for necessary travel and expenses according to relevant statutes and the rules and procedures of the Department of Management and Budget and the Civil Service Commission, subject to available appropriations.

G. The Task Force may hire or retain contractors, sub-contractors, advisors, consultants and agents, and may make and enter into contracts necessary or incidental to the exercise of the powers of the Task Force and the performance of its duties as the Chairperson deems advisable and necessary, in accordance with the relevant statutes, rules, and procedures of the Civil Service Commission and the Department of Management and Budget.

H. The Task Force may accept donations of labor, services, or other things of value from any public or private agency or person.

I. Members of the Task Force shall refer all legal, legislative, and media contacts to the Executive Office of the Governor.

IV. HOSPITAL ADVISORY COUNCIL

A. The Hospital Advisory Commission created by Executive Order No. 2002-15 is abolished.

B. Executive Order No. 2002-15 is rescinded in its entirety.

V. MISCELLANEOUS

A. All departments, committees, commissioners, or officers of this state or of any political subdivision of this state shall give to the Task Force, or to any member or representative of the Task Force, any necessary assistance required by the Task Force, or any member or representative of the Task Force, in the performance of the duties of the Task Force so far as is compatible with its, his, or her duties. Free access shall also be given to any books, records, or documents in its, his, or her custody, relating to matters within the scope of inquiry, study, or investigation of the Task Force.

B. Any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected by this Order shall not abate by reason of the taking effect this Order. Any suit, action, or other proceeding may be maintained by, against, or before the appropriate successor of any entity affected by this Order.

C. The invalidity of any portion of this Order shall not affect the validity of the remainder the order.

This Order is effective upon filing.



Given under my hand and the Great Seal of the State of Michigan this 19th day of June, 2003.

Jennifer M. Granholm
GOVERNOR

BY THE GOVERNOR
Dei'Land
SECRETARY OF STATE

FILED WITH SECRETARY OF STATE
ON 6-19-03 AT 4:00 p.m.

APPENDIX B

**TEMPORARY OVERSIGHT AND CORPORATE RESPONSIBILITY
MEMORANDUM OF UNDERSTANDING**

This **TEMPORARY OVERSIGHT AND CORPORATE RESPONSIBILITY MEMORANDUM OF UNDERSTANDING** ("MOU") is effective this 21st day of July, 2003, and is entered into by and among the Detroit Medical Center ("DMC"), a nonprofit organization organized under the laws of the State of Michigan, and the following governmental entities: the City of Detroit, Office of the Mayor; the County of Wayne, Office of the County Executive; and the State of Michigan, Office of the Governor (collectively referred to as "Authorities").

WHEREAS, Southeastern Michigan faces many challenges in assuring quality health care services for all of its citizens, and the people of southeastern Michigan are at risk of losing access to efficiently run, quality, affordable health care; and

WHEREAS, the Detroit Medical Center has had \$360 million of expenses in excess of revenue over the last five years, creating a crisis that immediately threatens the delivery of vital medical services to the residents of southeastern Michigan; and

WHEREAS, Detroit Receiving Hospital handles 85,000 emergency room visits each year and is Wayne County's only American College of Surgeons certified level-one trauma center, with the capability to handle major bioterrorism incidents or serious burn victims, and potential major reductions in services are therefore significantly dangerous to the safety and health of Michigan residents; and

WHEREAS, Hutzel Women's Hospital annually delivers approximately 5,850 newborns and has a specialty center equipped to handle high-risk pregnancies, and therefore potential major reductions in newborn delivery services seriously threaten the health and well being of mothers and newborns in southeastern Michigan; and

WHEREAS, 1,000 employees of the Detroit Medical Center and its affiliated entities are at risk of losing their jobs in the coming months; and

WHEREAS, DMC operates Detroit Receiving Hospital and University Health Center and Hutzel Hospital, which have become known as "safety net providers" for the nearly 200,000 people without health insurance in southeastern Michigan (collectively the "Safety Net Providers"); and

WHEREAS, the Governor, with input from the County Executive of the County of Wayne and Mayor of the City of Detroit, established the Detroit Health Care Stabilization Workgroup, which was assigned the responsibility of recommending a mechanism for stabilizing the health care safety net in Detroit, such that it can continue to provide necessary health care services; and

WHEREAS, the Detroit Medical Center Fiscal Stability Task Force ("Task Force") created under Executive Order 2003-7 has undertaken an assessment of fiscal operations, governing structures, and ethical compliance of the Detroit Medical Center; and

WHEREAS, based on preliminary findings by the Task Force, it is necessary for certain actions to be taken, including providing supplemental governmental funding to the Safety Net Providers to ensure that vital medical services are delivered to the residents of southeastern Michigan until DMC's crisis is resolved;

NOW THEREFORE, the parties agree to the following terms:

1. Definitions

The following terms shall have the following meanings as used in this MOU:

- A. Affiliate: All "Medical Center institutions", "Medical Center hospitals", and "subsidiaries" as such terms are defined in the bylaws of DMC on the date hereof, and any other affiliates controlled by DMC.
- B. Senior Management Personnel: The President/CEO, Executive Vice Presidents, and Senior Vice Presidents of DMC and any Affiliate.

2. Agreement to Provide Safety Net Services Supplemental Funding

The Authorities agree to provide emergency supplemental funds in an amount, together with available matching federal funds, not to exceed \$50,000,000 for the purpose of assisting DMC in meeting current Safety Net Provider budget shortfalls for a period not to exceed 10 months. This period shall commence on August 1, 2003, and end no later than May 31, 2004. The City agrees to provide not more than \$3,000,000 in unmatched funds. The County agrees to provide not more than \$4,000,000 in unmatched funds. The State agrees to provide not more than \$15,000,000 in restricted unmatched funds, and any additional available matching federal funds. The Authorities will disburse the money in accordance with the provisions of this MOU. DMC acknowledges that these emergency supplemental funds are necessary to sustain the existence of the Safety Net Providers for the term of this MOU, and shall only be used to offset operating and budget shortfalls for the Safety Net Providers.

3. Rescission of Worker Adjustment and Retaining Notification Act Notices

DMC shall before July 25, 2003, rescind all notices issued under 29 USC 2102 to DMC employees in June, 2003.

4. Maintenance of Safety Net Services

A. During the term of this MOU, DMC shall continue to operate and staff the Safety Net Providers at current levels; provided, however, that nothing contained in this MOU shall be construed to prevent DMC from employing flexible staffing methods to reflect routine changes in in-patient volumes. DMC also affirms that current allocations of support to the Safety Net Providers shall not be reduced nor shall expenses not properly charged be applied to their balance sheets.

B. DMC shall continue to maintain separate books and records for each Affiliate and shall develop and maintain a separate accounting/reporting mechanism specifically for each of the Safety Net Providers.

C. During the term of this MOU, DMC shall cause the Safety Net Providers to continue to provide the current range of programs and services to their clients including but not limited to: inpatient care, primary care, diagnostic testing, specialty care consultation, pharmaceuticals/formulary based care, and emergency care (collectively the "Safety Net Services").

D. DMC agrees to utilize all reasonable means to ensure the long term financial viability of the Safety Net Providers, until such time as a long term solution is achieved for the provision of medical services to the underinsured and uninsured. DMC agrees to use its best efforts to improve the financial results of the Safety Net Providers; specifically, DMC shall within 30 days present to the TOC a strategic marketing and business plan that will fully describe the marketing efforts that will be implemented in an effort to recruit new physicians, the possible development of new services, a plan to reduce expenses, a plan that may improve payor mix, and will describe the steps that will be taken to examine refinancing opportunities.

E. DMC shall objectively evaluate the services provided by the Wayne State University Medical School and shall present those findings to the TOC, while at the same time using its best efforts to ensure that the Wayne State University Medical School continues to provide high quality specialty and hospital-based care at Safety Net Providers and that WSU continues its collaborative academic mission of student and resident education, research and clinical service within these safety net hospitals.

F. Subject to audit and confirmation, DMC affirms the financial obligations owed by it and/or the Affiliates to the Safety Net Providers. Such obligations shall be met in accordance with the documents governing such obligations, subject to operating income available to satisfy such obligations and any restrictions contained on the date hereof in: (1) DMC's line of credit agreement with General Electric Capital Corporation; (2) that certain Master Indenture and Security Agreement, dated as of September 1, 1985, by and among Harper-Grace Hospitals and Huron Valley Hospital, Inc. and Manufacturers National Bank of Detroit, as trustee, as supplemented and amended (the "1985 Master Indenture"); (3) that certain Master Indenture, dated as of December 1, 1995, by and between Sinai Hospital of Greater Detroit and NBD Bank, as master trustee, as supplemented and amended (the "1995 Master Indenture", and, together with the 1985 Master Indenture, the "Master Indentures"); (4) any Loan Agreements in effect between the DMC and the Michigan State Hospital Finance Authority; (5) any document relating to any equipment or other financing; and (6) any document or agreement executed and delivered by DMC and/or any of the Affiliates in connection with the foregoing (collectively, the "Financing Documents").

5. Establishment of the Temporary Oversight Committee

A. The Authorities hereby establish a Temporary Oversight Committee, composed of six members, to be appointed as follows:

1. Two members appointed by the Governor of the State of Michigan, one of which shall be designated as the chairperson by the Governor;
2. Two members appointed by the County Executive for the County of Wayne; and
3. Two members appointed by the Mayor of the City of Detroit.

B. The President/CEO and the Chair of DMC's Board of Trustees shall be invited to attend all regularly scheduled meetings of the TOC.

C. The TOC shall monitor DMC's compliance with the terms of this MOU.

D. Unless approved by the TOC, DMC shall not make a transfer that will not be repaid in the current fiscal year of any funds of any Safety Net Provider to any Members of the Obligated Group, as defined in Section 6A.1., or any other Affiliate of DMC.

E. The Authorities will provide necessary staff support to the TOC.

F. Members of the TOC shall not receive compensation for such service.

6. Compliance Reporting and Disbursement of Assistance Money

A. DMC shall provide the following to the TOC within 7 calendar days of the effective date of this MOU:

1. A report detailing transfers for the last two fiscal years and any outstanding loans between a Safety Net Provider and any DMC Affiliate, specifying any documented repayment obligations, together with a statement of the method by which DMC has allocated debt among "Members of the Obligated Group", as that term is used in the Loan Agreement entered into between DMC and the Michigan State Hospital Finance Authority, dated as of September 1, 1998 and in the Master Indentures. The TOC shall determine whether the Safety Net Providers have been assessed their proportionate share of the debt and report any findings to the Authorities.
2. Audited financial statements of DMC and its Affiliates along with all auditor notes for the two most recent fiscal years, as well as financial reports with all notes for the two most recent fiscal years, itemized for each Safety Net Provider.

3. A complete operating and capital budget for the current fiscal year, showing detailed activity, revenue and expense expectations for DMC and its Affiliates and each of their established accounting centers, specifically identifying direct expenditures of the centers and inter-affiliate and parent-affiliate transactions. If this MOU continues in effect past the end of any fiscal year, DMC shall file its complete operating and capital budget with the TOC for the coming fiscal year, on or before the start of the fiscal year.
4. Other financial documents relevant to the assessment of the Safety Net Providers' financial condition and needs, upon request.

B. DMC shall provide the following to the TOC by the 21st day of each month:

1. Monthly reports itemizing the revenue and expenses of the Safety Net Providers. For these purposes, "revenues and expenses of the Safety Net Providers" shall be comparable to the revenues and expenses reported in the DMC Consolidated Statements of Operations.
2. A report detailing all additional transfers from the Safety Net Providers to any Members of the Obligated Group or any Affiliate of DMC, and a payment schedule for full repayment.

C. DMC shall provide to the TOC for its review and approval, which shall not be unreasonably withheld, the methodology by which it allocates expenses and revenues amongst DMC and its Affiliates.

D. Within 7 days after reviewing these monthly reports, the TOC shall determine whether DMC has complied with the terms of this MOU (including Section 7A.) and whether the combined expenses, including depreciation, of the Safety Net Providers exceed their combined revenues, including interest, for the month. The TOC shall report its conclusions to the Authorities promptly after its review and the Authorities shall determine the amount of the monthly payment, if any, to DMC.

E. Upon the approval by the Authorities of a monthly payment, the City and the County each agree to immediately pay their respective percentage of the amount determined as directed by the State. Upon receipt of the payment from the City and the County, the State agrees to pay the sum of the money received from the City and the County, plus the State's percentage of such amount, together with any additional matching federal funds. The first such payment shall be made no earlier than October 1, 2003, and the first month eligible for payment shall be August, 2003.

F. Neither the TOC nor the Authorities shall disclose to any third party any information provided by DMC pursuant to this MOU which DMC has marked as constituting trade secrets or commercial or financial information, except as otherwise required by law.

G. The TOC has full authority to represent the Authorities to ensure compliance with the terms of this MOU.

7. Conflicts of Interest

A. DMC acknowledges the unequivocal view of the Authorities that all conflicts should be banned. Accordingly, DMC shall adopt a comprehensive and substantive conflicts of interest policy, including provisions for enforcement, prepared in cooperation with an expert in the field of corporate ethics within 30 days after the execution of this MOU, the form of which shall be subject to approval by the Authorities. Such approval shall not be unreasonably withheld. No funds shall be disbursed pursuant to this MOU until the conflicts of interest policy is approved by the Authorities.

B. DMC shall continue to require the annual submission of a Conflicts of Interest Disclosure Statement, the form of which shall be approved by the Authorities by the persons required by the terms of the conflicts of interest policy. The disclosure statements shall be made available to the Authorities.

C. DMC employees, including Senior Manager Personnel, shall diligently devote their efforts and attention to conducting the official business of the DMC and refrain from conducting business related to private enterprises, to the extent provided in the conflicts of interest policy to be adopted and approved in accordance with this MOU.

8. Management and Board Structure

A. The DMC Board of Trustees is undertaking a review of its management and board structure in an effort to improve the administrative and fiscal efficiency and effectiveness of DMC and its Affiliates. Not later than October 1, 2003, the DMC Board of Trustees shall present the results of its review and revised corporate governance documents to the TOC for review and acceptance. Documents presented shall include all standing committee charters. The audit committee charter shall specifically include the Coalition for Nonprofit Health Care recommended provisions relating to the audit committee and the auditors modeled after the Sarbanes-Oxley Act.

B. The following DMC employees shall have direct access to the DMC Board of Trustees:

1. The person responsible for investments,
2. The person responsible for legal affairs,
3. The person responsible for regulatory compliance,
4. The person responsible for internal audits,
5. The person responsible for compliance with the conflicts of interest policy,
6. The person responsible for medical affairs, and
7. Other senior vice presidents at the invitation of the Board of Trustees.

C. At least quarterly, the individuals mentioned in paragraph B shall meet with the Board of Trustees to report on DMC activities. In addition, all DMC executives at the level of Senior Vice President and higher shall attend board meetings and be available for questions.

9. Restrictions on Expenses and Expense Reimbursement

DMC shall develop or modify an employee expense policy that is reasonable and customary for nonprofit organizations which reflects that DMC is experiencing severe financial difficulties, and such policy shall be submitted to the TOC for approval on or before October 1, 2003, which approval shall not be unreasonably withheld. This policy shall cover, at a minimum, the following items: corporate credit cards, compensation packages and benefits, sporting and related expenses, DMC-sponsored conferences, out-of-state travel, travel and entertainment expenses, spousal travel, retreats, charitable contributions, and reporting of approved expenses and reimbursements.

10. Actions Involving Affiliates

A. In the event that DMC or an Affiliate operates a preferred provider organization ("PPO"), serves as a third party administrator ("TPA"), or operates a health maintenance organization ("HMO"), DMC or its Affiliate shall disclose to organizations utilizing the PPO, TPA, or HMO the amount of any "network management" or similar administrative fee received by DMC or its Affiliates from providers who are utilized by the organization.

B. DMC shall take the steps necessary to ensure that separate audited annual reports are prepared for any foundation operated by or under the control of DMC or any its Affiliates.

C. No for-profit venture of DMC or any of its Affiliates shall be undertaken without the prior approval of the DMC Board Chairperson or his or her designee. No employee or board member, or a family member of an employee or board member, or an organization controlled by an employee, board member or family member, shall be awarded an equity interest in or option for an equity interest in a for-profit venture in which the DMC or any of its Affiliates have invested equity or debt.

11. Limitation on Certain Expenses

DMC shall develop or modify a public relations and governmental relations expense policy that is reasonable and customary for nonprofit organizations which reflects that DMC is experiencing severe financial difficulties, and such policy shall be submitted to the TOC for approval on or before October 1, 2003, which approval shall not be unreasonably withheld. DMC shall include a schedule of all such expenditures in its annual audited financial statements, beginning with the financial statements for 2003.

12. Employment, Termination, and Severance of Senior Management Personnel.

A. DMC shall engage an independent salary consultant to survey base compensation for Senior Management Personnel, as well as non-salary employment benefits and bonus and incentive compensation as a part of a report to be delivered to the TOC. Should the survey point out that DMC salaries are not within industry standards, the DMC shall make appropriate adjustments.

B. Severance and separation pay for Senior Management Personnel shall be approved by the DMC Board of Trustees. DMC shall pay severance or other payments arising out of the involuntary termination of Senior Management Personnel only where the employee's position is eliminated and no comparable position is offered to the employee. From and after the date hereof, the period upon which severance pay is based or paid shall be consistent with the industry standard identified by an independent salary consultant and shall be subject to approval by the TOC, which approval shall not be unreasonably withheld. No severance or similar payment shall be made by DMC when Senior Management Personnel voluntarily terminates employment with DMC.

C. DMC shall provide to the Authorities a report of all compensation and benefits (not just base salary) received by Senior Management Personnel, within 90 days of the close of each fiscal year, and in a form consistent with IRS Form 990.

13. Real Estate Acquisitions and Leasing Transactions

During the term of this MOU, the TOC shall approve any real estate acquisition or leasing transactions in excess of \$1,000,000 with DMC or an Affiliate as a party.

14. Other Requirements

A. As part of the review being undertaken by the DMC Board of Trustees of DMC's management policies, DMC shall examine, and to the extent necessary, develop or modify the following policies, all of which shall be approved by the TOC and adopted by the DMC Board of Trustees:

1. Procurement, contracting, and auditing policies;
2. A policy governing the retention of outside counsel; and

3. A policy to provide protections for whistleblowers.

B. DMC shall comply with all relevant state and federal laws and regulations.

C. DMC shall strictly comply with all obligations of continuing disclosure imposed by any Continuing Disclosure Agreement entered into by DMC in connection with the issuance of any bonds for the benefit of DMC or its Affiliates.

D. DMC shall cooperate with the Authorities for enrollment, tracking, verification services and integrated service delivery network development for the uninsured and the Detroit and Wayne County Health Departments for Medicaid enrollment, advocacy and outreach.

E. The TOC and the Authorities do not undertake any of the DMC's responsibilities for medical services; nor do they undertake any of the fiduciary obligations of DMC or its Affiliates. The parties agree that neither TOC nor the Authorities assume any liability under this agreement related to an act or omission of DMC or its Affiliates. DMC shall hold the TOC and the Authorities harmless as to any acts or omissions of DMC not required by the Authorities pursuant to this MOU. When acting under this MOU, the Authorities remain subject to 1964 PA 170, MCL 691.1401, *et seq.*

15. Compliance with MOU

DMC shall provide the TOC with access to any requested documents, to enable the Authorities to evaluate DMC's compliance with the terms of this MOU.

16. Certification

The Board of Trustees shall cause to be issued to the TOC monthly reports detailing the steps DMC has taken to comply with the terms of this MOU. All reports, documents and other written communications required under this MOU to be submitted to the TOC or the Authorities shall be certified by signature of the President/CEO of DMC.


17. Conflict with Other Agreements.

To the extent the terms of this MOU conflict with the terms of any of the Financing Documents, the terms of the Financing Documents shall apply. The Authorities shall waive any terms of this MOU upon the request of the DMC Board of Trustees if such waiver is determined by the Authorities to be necessary to protect the credit of DMC, to prevent the impairment of any financing agreement entered into prior to the date of this MOU, or to allow reasonable access to the capital markets by DMC.

18. Term.

This MOU shall remain in effect until May 31, 2004.

IN WITNESS WHEREOF, the parties hereto have executed this Temporary Oversight and Corporate Responsibility Memorandum of Understanding as of the date referenced above.

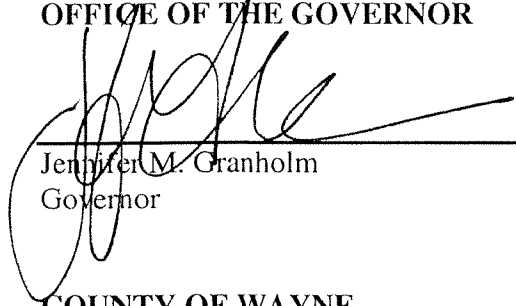

President/CEO

DETROIT MEDICAL CENTER

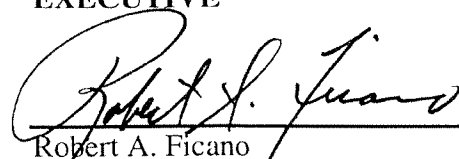
By: Charles R. Buin

Its: Chairman, DMC Board of Trustees

**STATE OF MICHIGAN
OFFICE OF THE GOVERNOR**


Jennifer M. Granholm
Governor

**COUNTY OF WAYNE
OFFICE OF THE COUNTY
EXECUTIVE**


Robert A. Ficano
County Executive

**CITY OF DETROIT
OFFICE OF THE MAYOR**


Kwame M. Kilpatrick
Mayor

July 21, 2003

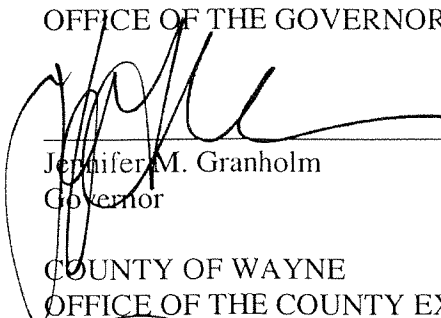
Charles R. O'Brien
Chairman of the Board
Detroit Medical Center
Corporate Office
3990 John R
Detroit, MI 48201

Dear Mr. O'Brien:

We acknowledge your letter of July 21, 2003, and accept your pledge to work in good faith on these two issues.

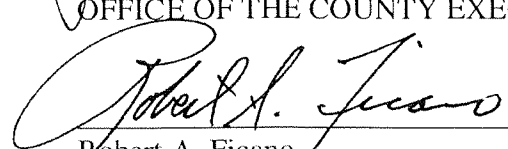
Very Truly Yours,

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR



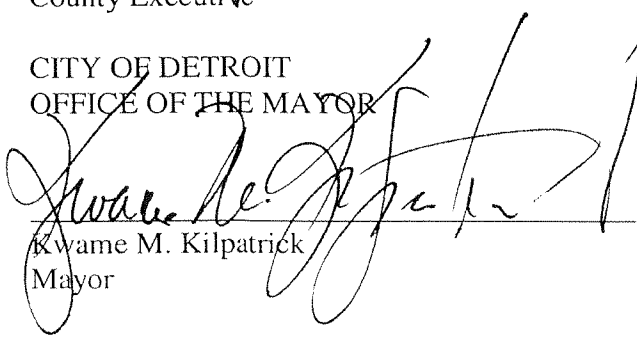
Jennifer M. Granholm
Governor

COUNTY OF WAYNE
OFFICE OF THE COUNTY EXECUTIVE



Robert A. Ficano
County Executive

CITY OF DETROIT
OFFICE OF THE MAYOR



Kwame M. Kilpatrick
Mayor

July 21, 2003

Governor Jennifer M. Granholm
George W. Romney Building
111 S. Capitol Avenue
Lansing, MI 48909

Mayor Kwame M. Kilpatrick
Two Woodward Avenue
Suite 1126
Detroit, MI 48226

Robert A. Ficano
County Executive
600 Randolph
Suite 349
Detroit, MI 48226

Detroit Medical Center
Corporate Office
3990 John R
Detroit, MI 48201

Dear Governor Granholm, Mayor Kilpatrick, and County Executive Ficano:

Pursuant to the Temporary Oversight and Corporate Responsibility Memorandum of Understanding, I agree to do the following:

1. In consultation with the Authorities, immediately and effectively resolve any conflict of interest disclosed by a Trustee on the forms required in paragraph 7B; and
2. Prior to any sale of real estate over \$1,000,000, consult with the TOC and provide evidence of fair market value for sales.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Charles R. O'Brien". The signature is fluid and cursive, with a prominent "C" and "O".

Charles R. O'Brien
Chairman of the Board of Detroit Medical Center